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**THE IMPACT OF CORPORATE GOVERNANCE CHARACTERISTIC ON
TAX COMPLIANCE AMONG PUBLIC LISTED COMPANIES IN
MALAYSIA**



**Research Paper Submitted to
Othman Yeop Abdullah Graduate School of Business,
Universiti Utara Malaysia,
In Partial Fullfillment of the Requirement for the Master of Sciences
(International Accounting)**



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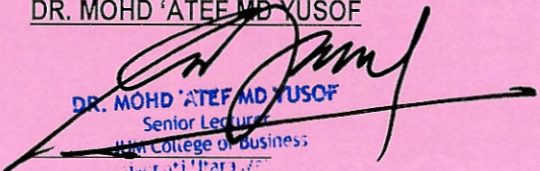
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ABSTRACT

Corporate income tax is the largest source of revenue to Inland Revenue Board of Malaysia (IRBM). Hence, the increase of tax non-compliance among corporate taxpayers concerns IRBM and tax authorities globally as the government loses its major revenue which adversely affects the economy. Tax evasion of large corporations using accounting manipulations implies the potential role of corporate governance against tax non-compliance. Therefore, this study attempts to determine the impact of corporate governance characteristic to tax compliance among corporate taxpayers specifically the public listed companies in Malaysia. This study was conducted on 111 tax audited cases of public listed company listed on the main market of Bursa Malaysia that had been finalised by IRBM for year of assessment 2013 and 2014. Data from their annual report were then used to determine the corporate governance characteristic of each public listed companies namely (1) board composition (2) independent director service tenure (3) separation of chairman and Chief Executive Officer (4) audit committee competency (5) non-audit service by external auditor and (6) sourcing internal audit function. Next, three models of tax compliance were developed specifically filing, reporting and payment compliance to better capture different compliance issues. Logistic regression results revealed that director service tenure has significant impact on tax compliance where public listed company with an independent director who have been in service for more than 9 years are more likely to be filing compliant. Whereas public listed company with an independent director who have been in service for less than 9 years are payment compliant. However, this study only sampled a small number of public listed companies. Therefore in order to generalize the findings due care should be exercised. This research findings contributes an added value to tax literature and tax authorities on the impact of corporate governance characteristic to specific type of tax compliance of public listed companies in Malaysia.

Keywords: corporate governance; public listed company, tax non-compliance, filing, reporting, payment

ABSTRAK

Cukai pendapatan korporat adalah sumber utama pendapatan Lembaga Hasil Dalam Negeri Malaysia (LHDNM). Oleh itu, peningkatan ketidakpatuhan cukai di kalangan pembayar cukai korporat membimbangkan LHDNM dan pihak berkuasa cukai di seluruh dunia kerana kerajaan kehilangan hasil utama yang memberi kesan negatif kepada ekonomi. Pelarian cukai oleh syarikat besar menggunakan manipulasi perakaunan menjadi petunjuk kepada potensi peranan urus tadbir korporat terhadap ketidakpatuhan cukai. Kajian ini dibuat untuk menentukan kesan tadbir urus korporat kepada kepatuhan cukai di kalangan pembayar cukai korporat ke atas 111 kes syarikat awam disenaraikan di papan utama Bursa Malaysia yang telah diaudit oleh LHDNM bagi tahun taksiran 2013 dan 2014. Data laporan tahunan digunakan untuk menentukan ciri tadbir urus korporat iaitu (1) komposisi lembaga pengarah (2) tempoh perkhidmatan pengarah bebas (3) pemisahan kuasa pengerusi dan ketua pegawai eksekutif (4) kecekapan jawatankuasa audit (5) perkhidmatan bukan audit oleh juruaudit luaran dan (6) sumber fungsi audit dalaman. Kemudian tiga model kepatuhan cukai dibangunkan iaitu pemfailan, pelaporan dan pematuhan pembayaran untuk mendapatkan gambaran isu pematuhan dengan lebih baik. Keputusan regresi logistik menunjukkan bahawa tempoh perkhidmatan pengarah bebas mempunyai kesan terhadap kepatuhan pengarah bebas di mana syarikat awam yang mempunyai pengarah bebas yang berkhidmat melebihi 9 tahun lebih cenderung untuk patuh kepada program pemfailan borang cukai. Manakala syarikat awam yang mempunyai pengarah bebas yang berkhidmat kurang daripada 9 tahun lebih cenderung untuk patuh kepada pembayaran cukai. Walau bagaimanapun, kajian ini hanya merangkumi sebilangan kecil syarikat tersenarai awam dan tidak menggambarkan syarikat tersenarai awam secara keseluruhan. Oleh itu, penggunaan penemuan ini secara umum hendaklah secara berhati-hati. Penemuan penyelidikan ini menyumbang nilai tambah kepada kesusasteraan cukai dan pihak berkuasa cukai mengenai kesan ciri tadbir urus korporat kepada kategori tertentu pematuhan cukai oleh syarikat-syarikat tersenarai awam.

Kata kunci: tadbir urus korporat; syarikat tersenarai awam; ketidakpatuhan cukai, pemfailan, pelaporan, pematuhan bayaran

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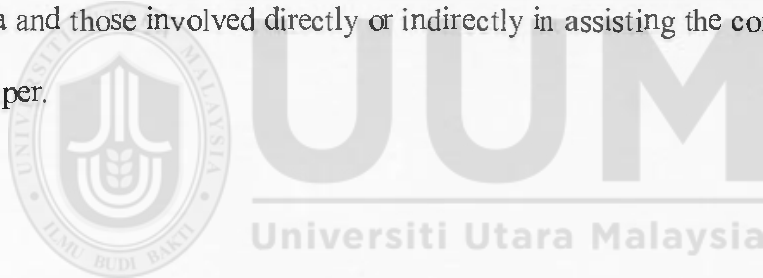


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LIST OF ABBREVIATIONS

ATO	Australian Taxation Office
CEO	Chief Executive Officer
CIT	Corporate Income Tax
CMSA	Capital Market Services Act
ETR	Effective Tax Rate
FCCG	Finance Committee on Corporate Governance
GDP	Gross Domestic Product
INED	Independent Non-Executive Director
IRBM	Inland Revenue Board of Malaysia
ITA	Income Tax Act 1967
LR	Listing Requirements
MCCG	Malaysian Code on Corporate Governance
MIA	Malaysian Institute of Accountants
MSWG	Minority Shareholders Watchdog Group
OECD	Organisation for Economic Co-operation and Development
ROA	Return on Assets
SAS	Self-Assessment System
SC	Securities Commissioner
SPSS	Statistical Package for Social Science
STR	Statutory Tax Rate

CHAPTER ONE: INTRODUCTION

1.0 Background of the study

Taxation is one of the most important government tool to influence the country's economic growth and affect the company's economic activity (Romer & Romer, 2010). Both parties have conflicting interest where tax is a source of income for government while for companies, tax will reduce their net income (Mulyadi & Anwar, 2014). Recent development shows that companies no longer consider compliance function as their tax obligation (Desai & Dharmapala, 2006). This is due to the fact that taxes involves a great proportion of the company's earnings which will eventually reduce their profits (Annuar, Salihu, & Sheikh Obid, 2014). Despite the fact that there are strict laws in almost every country, companies would employ accountant, tax experts or using other means available to avoid paying high taxes (Schofield, 2015). According to Gomes (2015), companies would report a huge income but finding opportunities by way of reducing tax burden to increase the company value.

A country's economy could be impaired due to extensive effect of poor corporate governance through capital market effect and tax revenue consequences (Mohd. Amin, Md. Noor, Mastuki, & Ambali, 2011). The increase trend of accounting scandals involving large companies have shown the possibility to evade taxes using tax shelters and manipulate the accounting earnings at the same time (Desai & Dharmapala, 2009). Gary & Edmund (2002) pointed out that in Enron company case reported by Joint Committee on Taxation (JCT) of the US Congress, the manager act opportunistically for individual benefits rather than for stakeholders through the use of tax shelters in order to increase their accounting profits as well as reducing their taxable profits.

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APPENDICES

APPENDIX 1: CLASSIFICATION OF PUBLIC LISTED COMPANIES IN THE MAIN MARKET

SECTOR	DEFINITION
Consumer Products	Companies manufacture materials or components into new products for consumer use
Construction	Companies engage in constructing any form of structure including roads and railroads
Closed-End Funds	Close-ended investment entities
Exchange Traded Funds	Open-ended investment entities
Finance	Companies that provide services in activities of obtaining and redistributing funds, in the form of deposits by Central Banks and other monetary institutions, insurance and other activities auxiliary to financial intermediation
Hotels	Companies that provide hospitality services in the form of accommodation, meals and drinks
Industrial Products	Companies manufacture materials or components into new products for industrial use
Infrastructure Project	Infrastructure project companies
Mining	Companies engage in exploration extraction, dressing and beneficiating of minerals
Plantations	Companies engage in the cultivation, planting and/or replanting of crops. The processing of agricultural products in factories on farms and plantations is also included if it is not feasible to report separately this activity from production of crops
Properties	Companies invest directly or indirectly in real estate through management or ownership
Real Estate Investment Trusts	Real estate investment trusts or corporation (REITs)
Special Purpose Acquisition Company	Special purpose acquisition companies
Trading/Services	Companies engage in distribution of products and provision of services other than financial services, e.g banking and insurance
Technologies	Companies that provide information technology solutions

Source : Bursa Malaysia

APPENDIX 2: DESCRIPTIVE ANALYSIS

Frequencies

FILCOMP				
		Frequency	Percent	Cumulative Percent
Valid	Filing compliance	59	53.2	53.2
	Filing non-compliance	52	46.8	100.0
	Total	111	100.0	100.0

REPCOMP				
		Frequency	Percent	Cumulative Percent
Valid	Reporting compliance	91	82.0	82.0
	Reporting non-compliance	20	18.0	100.0
	Total	111	100.0	100.0

PMTCOMP				
		Frequency	Percent	Cumulative Percent
Valid	Payment compliance	59	53.2	53.2
	Payment non-compliance	52	46.8	100.0
	Total	111	100.0	100.0

SECTOR				
		Frequency	Percent	Cumulative Percent
Valid	CONSTRUCTION	5	4.5	4.5
	CONSUMER	20	18.0	22.5
	IND-PRODUCT	27	24.3	46.8
	PLANTATION	10	9.0	55.9
	PROPERTIES	14	12.6	68.5
	TECHNOLOGY	3	2.7	71.2
	TRADING/SERVICE	32	28.8	100.0
	Total	111	100.0	100.0

DIRSERV

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	> 9 years	38	34.2	34.2	34.2
	< 9 years	73	65.8	65.8	100.0
	Total	111	100.0	100.0	

CHAIRCEO

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Duality	93	83.8	83.8	83.8
	Separation	18	16.2	16.2	100.0
	Total	111	100.0	100.0	

AUDCOM

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Non MIA member	106	95.5	95.5	95.5
	MIA member	5	4.5	4.5	100.0
	Total	111	100.0	100.0	

EXTAUD

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Perform non audit service	22	19.8	19.8	19.8
	Not perform non audit service	89	80.2	80.2	100.0
	Total	111	100.0	100.0	

IAFINOUT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Outsourced	53	47.7	47.7	47.7
	In-house	58	52.3	52.3	100.0
	Total	111	100.0	100.0	

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CSIZE	111	39160000.00	90936400000.00	1702820992.333	8936659976.77018
CPERFORM	111	-.80	1.53	.0830	.22872
CLEVERAGE	111	.00	3.08	.5191	.67200
Valid N (listwise)	111				

Statistics

BCOMP

N	Valid	111
	Missing	0
Mean		.4746
Median		.4444
Std. Deviation		.12318
Minimum		.25
Maximum		.83
Sum		52.68



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APPENDIX 3: LOGISTIC REGRESSION (FILING COMPLIANCE MODEL)

Logistic Regression

Case Processing Summary			
Unweighted Cases ^a		N	Percent
Selected Cases	Included in Analysis	111	100.0
	Missing Cases	0	.0
	Total	111	100.0
Unselected Cases		0	.0
Total		111	100.0

a. If weight is in effect, see classification table for the total number of cases.

Dependent Variable Encoding	
Original Value	Internal Value
Filing non-compliance	0
Filing compliance	1

Categorical Variables Codings			
		Frequency	Parameter coding (1)
IAFINOUT	Outsourced	53	1.000
	In-house	58	.000
CHAIRCEO	Duality	93	1.000
	Separation	18	.000
AUDCOM	Non MIA member	106	1.000
	MIA member	5	.000
EXTAUD	Perform non audit service	22	1.000
	Not perform non audit service	89	.000
DIRSERV	> 9 years	38	1.000
	< 9 years	73	.000

Block 0: Beginning Block

Classification Table^{a,b}

		Predicted		
		FILCOMP		Percentage Correct
	Observed	Filing non-compliance	Filing compliance	
Step 0	FILCOMP Filing non-compliance	59	0	100.0
	Filing compliance	52	0	.0
Overall Percentage				53.2

a. Constant is included in the model.

b. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	-.126	.190	.441	1	.507	.881

Variables not in the Equation^a

		Score	df	Sig.
Step 0	Variables BCOMP	.124	1	.725
	DIRSERV(1)	12.449	1	.000
	CHAIRCEO(1)	.050	1	.823
	AUDCOM(1)	1.516	1	.218
	EXTAUD(1)	1.652	1	.199
	IAFINOUT(1)	1.160	1	.281
	CSIZE	.543	1	.461
	CPERFORM	.080	1	.778
	CLEVERAGE	1.349	1	.246

a. Residual Chi-Squares are not computed because of redundancies.

Block 1: Method= Enter

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	17.386	9	.043
	Block	17.386	9	.043
	Model	17.386	9	.043

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	136.050 ^a	.145	.194

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	9.159	8	.329

Contingency Table for Hosmer and Lemeshow Test

		FILCOMP = Filing n-compliance		FILCOMP = Filing compliance		Total
		Observed	Expected	Observed	Expected	
Step 1	1	10	9.175	1	1.825	11
	2	9	8.617	2	2.383	11
	3	5	8.128	6	2.872	11
	4	9	6.747	2	4.253	11
	5	7	5.519	4	5.481	11
	6	4	5.022	7	5.978	11
	7	4	4.720	7	6.280	11
	8	4	4.343	7	6.657	11
	9	3	3.727	8	7.273	11
	10	4	3.001	8	8.999	12

Classification Table^a

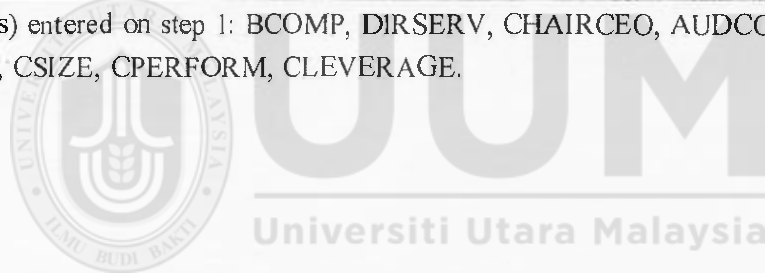
		Predicted		
		FILCOMP		Percentage Correct
Observed		Filing non-compliance	Filing compliance	
Step 1	FILCOMP Filing non-compliance	39	20	66.1
	Filing compliance	11	41	78.8
Overall Percentage				72.1

a. The cut value is .500

Variables in the Equation

								95% C.I. for	
								EXP(B)	
		B	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Step	BCOMP	-.574	1.737	.109	1	.741	.564	.019	16.977
1 ^a	DIRSERV(1)	-1.548	.477	10.517	1	.001	.213	.083	.542
	CHAIRCEO(1)	.283	.568	.248	1	.619	1.327	.436	4.041
	AUDCOM(1)	.998	1.200	.691	1	.406	2.713	.258	28.509
	EXTAUD(1)	.504	.550	.839	1	.360	1.656	.563	4.871
	IAFINOUT(1)	-.078	.437	.032	1	.858	.925	.392	2.179
	CSIZE	.000	.000	.220	1	.639	1.000	1.000	1.000
	CPERFORM	-.646	.950	.463	1	.496	.524	.082	3.371
	CLEVERAGE	.258	.323	.638	1	.425	1.295	.687	2.440
	Constant	-.723	1.584	.208	1	.648	.485		

a. Variable(s) entered on step 1: BCOMP, DIRSERV, CHAIRCEO, AUDCOM, EXTAUD, IAFINOUT, CSIZE, CPERFORM, CLEVERAGE.



APPENDIX 4: LOGISTIC REGRESSION (REPORTING COMPLIANCE MODEL)

Logistic Regression

Case Processing Summary			
Unweighted Cases ^a		N	Percent
Selected Cases	Included in Analysis	111	100.0
	Missing Cases	0	.0
	Total	111	100.0
Unselected Cases		0	.0
Total		111	100.0

a. If weight is in effect, see classification table for the total number of cases.

Dependent Variable Encoding	
Original Value	Internal Value
Reporting compliance	0
Reporting non-compliance	1

Categorical Variables Codings			
		Frequency	Parameter coding (1)
IAFINOUT	Outsourced	53	1.000
	In-house	58	.000
CHAIRCEO	Duality	93	1.000
	Separation	18	.000
AUDCOM	Non MIA member	106	1.000
	MIA member	5	.000
EXTAUD	Perform non audit service	22	1.000
	Not perform non audit service	89	.000
DIRSERV	> 9 years	38	1.000
	< 9 years	73	.000

Block 0: Beginning Block

Classification Table^{a,b}

		Predicted			
		REPCOMP			
		Reporting no-compliance	Reporting compliance	Percentage Correct	
Observed					
Step 0	REPCOMP	Reporting non-compliance	91	0	100.0
		Reporting compliance	20	0	.0
Overall Percentage					82.0

a. Constant is included in the model.

b. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	-1.515	.247	37.640	1	.000	.220

Variables not in the Equation^a

			Score	df	Sig.
Step 0	Variables	BCOMP	.773	1	.379
		DIRSERV(1)	.006	1	.936
		CHAIRCEO(1)	.027	1	.871
		AUDCOM(1)	1.151	1	.283
		EXTAUD(1)	.412	1	.521
		IAFIN OUT(1)	1.468	1	.226
		CSIZE	.573	1	.449
		CPERFORM	2.679	1	.102
		CLEVERAGE	.004	1	.952

a. Residual Chi-Squares are not computed because of redundancies.

Block 1: Method= Enter

Omnibus Tests of Model Coefficients				
		Chi-square	df	Sig.
Step 1	Step	10.058	9	.346
	Block	10.058	9	.346
	Model	10.058	9	.346

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	94.652 ^a	.087	.142

a. Estimation terminated at iteration number 20 because maximum iterations has been reached. Final solution cannot be found.

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	4.748	8	.784

Contingency Table for Hosmer and Lemeshow Test						
		REPCOMP = Reporting non-compliance		REPCOMP = Reporting compliance		Total
		Observed	Expected	Observed	Expected	
Step 1	1	11	10.956	0	.044	11
	2	11	10.254	0	.746	11
	3	9	9.809	2	1.191	11
	4	9	9.591	2	1.409	11
	5	9	9.255	2	1.745	11
	6	8	8.850	3	2.150	11
	7	10	8.560	1	2.440	11
	8	9	8.291	2	2.709	11
	9	9	7.990	2	3.010	11
	10	6	7.443	6	4.557	12

Classification Table^a

		Predicted		
		REPCOMP		
		Reporting non-compliance	Reporting compliance	Percentage Correct
Step 1	Observed			
	REPCOMP Reporting non-compliance	90	1	98.9
	Reporting compliance	19	1	5.0
Overall Percentage				82.0

a. The cut value is .500

Variables in the Equation

							95% C.I. for EXP(B)	
							Lower	Upper
		B	S.E.	Wald	df	Sig.	Exp(B)	
Step	BCOMP	-2.294	2.276	1.015	1	.314	.101	.001 8.739
1 ^a	DIRSERV(1)	-.252	.583	.187	1	.666	.778	.248 2.436
	CHAIRCEO(1)	.560	.730	.588	1	.443	1.751	.418 7.324
	AUDCOM(1)	19.210	16024.7	.000	1	.999	220231160.04	.000 .
			11				6	
	EXTAUD(1)	.316	.646	.239	1	.625	1.371	.387 4.862
	IAFINOUT(1)	.344	.572	.361	1	.548	1.410	.460 4.325
	CSIZE	.000	.000	.918	1	.338	1.000	1.000 1.000
	CPERFORM	-2.395	1.516	2.495	1	.114	.091	.005 1.780
	CLEVERAGE	-.024	.415	.003	1	.954	.976	.433 2.202
	Constant	-19.825	16024.7	.000	1	.999	.000	

a. Variable(s) entered on step 1: BCOMP, DIRSERV, CHAIRCEO, AUDCOM, EXTAUD, IAFINOUT, CSIZE, CPERFORM, CLEVERAGE.

Casewise List^b

Case	Selected Status ^a	Observed		Temporary Variable		
		REPCOMP	Predicted	Predicted Group	Resid	ZResid
2	S	1**	.162	0	.838	2.278
4	S	1**	.143	0	.857	2.451
35	S	1**	.143	0	.857	2.443
38	S	1**	.117	0	.883	2.751
42	S	1**	.125	0	.875	2.643
93	S	1**	.097	0	.903	3.047

a. S = Selected, U = Unselected cases, and ** = Misclassified cases.

b. Cases with studentized residuals greater than 2.000 are listed.



APPENDIX 5: LOGISTIC REGRESSION (PAYMENT COMPLIANCE MODEL)

Logistic Regression

Case Processing Summary			
Unweighted Cases ^a		N	Percent
Selected Cases	Included in Analysis	111	100.0
	Missing Cases	0	.0
	Total	111	100.0
Unselected Cases		0	.0
Total		111	100.0

a. If weight is in effect, see classification table for the total number of cases.

Dependent Variable Encoding	
Original Value	Internal Value
Payment non-compliance	0
Payment compliance	1

Categorical Variables Codings			
		Frequency	Parameter coding (1)
IAFINOUT	Outsourced	53	1.000
	In-house	58	.000
CHAIRCEO	Duality	93	1.000
	Separation	18	.000
AUDCOM	Non MIA member	106	1.000
	MIA member	5	.000
EXTAUD	Perform non audit service	22	1.000
	Not perform non audit service	89	.000
DIRSERV	> 9 years	38	1.000
	< 9 years	73	.000

Block 0: Beginning Block

Classification Table^{a,b}

		Predicted			
		PMTCOMP		Percentage Correct	
Observed		Payment non-compliance	Payment compliance		
Step 0	PMTCOMP	Payment non-compliance	59	0	100.0
		Payment compliance	52	0	.0
Overall Percentage					53.2

a. Constant is included in the model.

b. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	-.126	.190	.441	1	.507	.881

Variables not in the Equation^a

		Score	df	Sig.	
Step 0	Variables	BCOMP	.394	1	.530
		DIRSERV(1)	6.174	1	.013
		CHAIRCEO(1)	.086	1	.770
		AUDCOM(1)	2.311	1	.128
		EXTAUD(1)	1.211	1	.271
		IAFINOUT(1)	.199	1	.656
		CSIZE	.271	1	.603
		CPERFORM	1.235	1	.266
		CLEVERAGE	.277	1	.599

a. Residual Chi-Squares are not computed because of redundancies.

Block 1: Method = Enter

Omnibus Tests of Model Coefficients				
		Chi-square	df	Sig.
Step 1	Step	12.275	9	.198
	Block	12.275	9	.198
	Model	12.275	9	.198

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	141.162 ^a	.105	.140

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	4.370	8	.822

Contingency Table for Hosmer and Lemeshow Test						
		PMTCOMP = Payment non-compliance		PMTCOMP = Payment compliance		Total
		Observed	Expected	Observed	Expected	
Step 1	1	8	8.323	3	2.677	11
	2	6	7.627	5	3.373	11
	3	9	7.309	2	3.691	11
	4	6	7.057	5	3.943	11
	5	7	6.501	4	4.499	11
	6	6	5.975	5	5.025	11
	7	5	5.150	6	5.850	11
	8	6	4.320	5	6.680	11
	9	4	3.813	7	7.187	11
	10	2	2.925	10	9.075	12

Classification Table^a

		Predicted			
		PMTCOMP			
	Observed	Payment non-compliance	Payment compliance	Percentage Correct	
Step 1	PMTCOMP	Payment compliance	44	15	74.6
		Payment non-compliance	26	26	50.0
Overall Percentage					63.1

a. The cut value is .500

Variables in the Equation

							95% C.I. for EXP(B)		
							Lower	Upper	
		B	S.E.	Wald	df	Sig.	Exp(B)		
Step 1 ^a	BCOMP	1.207	1.682	.515	1	.473	3.343	.124	90.423
	DIRSERV(1)	1.103	.446	6.132	1	.013	3.014	1.259	7.217
	CHAIRCEO(1)	-.363	.559	.421	1	.516	.696	.232	2.082
	AUDCOM(1)	-1.361	1.162	1.371	1	.242	.257	.026	2.501
	EXTAUD(1)	-.398	.547	.529	1	.467	.672	.230	1.962
	IAFINOUT(1)	-.036	.428	.007	1	.933	.965	.417	2.232
	CSIZE	.000	.000	.260	1	.610	1.000	1.000	1.000
	CPERFORM	1.434	1.030	1.939	1	.164	4.195	.558	31.564
	CLEVERAGE	.014	.312	.002	1	.964	1.014	.550	1.868
	Constant	.522	1.531	.116	1	.733	1.685		

a. Variable(s) entered on step 1: BCOMP, DIRSERV, CHAIRCEO, AUDCOM, EXTAUD, IAFINOUT, CSIZE, CPERFORM, CLEVERAGE.

Casewise

List^a

a. The casewise plot is not produced because no outliers were found.

APPENDIX 6: MULTICOLLINEARITY ANALYSIS

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
BCOMP	.965	1.037
DIRSERV	.903	1.108
CHAIRCEO	.943	1.060
AUDCOM	.977	1.023
EXTAUD	.904	1.106
IAFINOUT	.877	1.140
CSIZE	.915	1.093
CPERFORM	.846	1.182
CLEVERAGE	.901	1.110

a. Dependent Variable: FILCOMP

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
BCOMP	.965	1.037
DIRSERV	.903	1.108
CHAIRCEO	.943	1.060
AUDCOM	.977	1.023
EXTAUD	.904	1.106
IAFINOUT	.877	1.140
CSIZE	.915	1.093
CPERFORM	.846	1.182
CLEVERAGE	.901	1.110

a. Dependent Variable: REPCOMP

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
BCOMP	.965	1.037
DIRSERV	.903	1.108
CHAIRCEO	.943	1.060
AUDCOM	.977	1.023
EXTAUD	.904	1.106
IAFINOUT	.877	1.140
CSIZE	.915	1.093
CPERFORM	.846	1.182
CLEVERAG	.901	1.110
E		

a. Dependent Variable: PMTCOMP



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